

# House Study Bill 726

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the excise tax imposed upon gasoline.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
3 TLSB 6898HC 80  
4 da/sh/8

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1 1 Section 1. Section 214A.2, subsection 3, Code Supplement  
1 2 2003, is amended by adding the following new paragraph:  
1 3 NEW PARAGRAPH. c. Gasoline with a mixture of at least  
1 4 eighty-five percent ethanol shall be known as E=85 blended  
1 5 gasoline. However, during the period beginning on November 1  
1 6 and ending on March 31, gasoline with a mixture of at least  
1 7 seventy percent ethanol shall also be known as E=85 blended  
1 8 gasoline.  
1 9 Sec. 2. Section 452A.2, Code Supplement 2003, is amended  
1 10 by adding the following new subsection:  
1 11 NEW SUBSECTION. 9A. "E=85 blended gasoline" means  
1 12 gasoline with a mixture of ethanol according to specifications  
1 13 provided in section 214A.2.  
1 14 Sec. 3. Section 452A.3, subsection 1A, Code 2003, is  
1 15 amended to read as follows:  
1 16 1A. Except as otherwise provided in this section and in  
1 17 this division, after June 30, all of the following shall  
1 18 apply:  
1 19 a. For the period beginning on July 1, 2007, and ending on  
1 20 June 30, 2008, an excise tax of twenty and one-tenth cents is  
1 21 imposed on each gallon of motor fuel used for any purpose for  
1 22 the privilege of operating motor vehicles in this state.  
1 23 However, for that same period, an excise tax of twenty cents  
1 24 is imposed on each gallon of ethanol blended gasoline used for  
1 25 any purpose for the privilege of operating motor vehicles in  
1 26 this state.  
1 27 b. On and after July 1, 2008, an excise tax of twenty  
1 28 cents is imposed on each gallon of motor fuel used for any  
1 29 purpose for the privilege of operating motor vehicles in this  
1 30 state.  
1 31 Sec. 4. Section 452A.3, Code 2003, is amended by adding  
1 32 the following new subsection:  
1 33 NEW SUBSECTION. 1B. An excise tax is imposed on each  
1 34 gallon of E=85 blended gasoline as follows:  
1 35 a. For the period beginning July 1, 2004, and ending June  
2 1 30, 2008, the excise tax shall be nine cents.  
2 2 b. For the period beginning July 1, 2008, and ending June  
2 3 30, 2009, the excise tax shall be ten and one-half cents.  
2 4 c. For the period beginning July 1, 2009, and ending June  
2 5 30, 2010, the excise tax shall be twelve cents.  
2 6 d. For the period beginning July 1, 2010, and ending June  
2 7 30, 2011, the excise tax shall be thirteen and one-half cents.  
2 8 e. For the period beginning July 1, 2011, and ending June  
2 9 30, 2012, the excise tax shall be fifteen cents.  
2 10 f. For the period beginning July 1, 2012, and ending June  
2 11 30, 2013, the excise tax shall be sixteen and one-half cents.  
2 12 g. For the period beginning July 1, 2013, and ending June  
2 13 30, 2014, the excise tax shall be eighteen cents.  
2 14 h. For the period beginning July 1, 2014, and ending June  
2 15 30, 2015, the excise tax shall be nineteen and one-half cents.  
2 16 i. For the period beginning July 1, 2015, and ending June  
2 17 30, 2016, the excise tax shall be twenty cents.

## EXPLANATION

2 19 This bill amends provisions relating to gasoline containing  
2 20 a high mixture of grain alcohol, commonly referred to as "E=  
2 21 85". The bill amends Code section 214A.2, which authorizes  
2 22 the department of agriculture and land stewardship to  
2 23 establish standards for gasoline. It provides that gasoline

2 24 with at least 85 percent alcohol may be classified as E=85  
2 25 blended gasoline with one exception. During the months of  
2 26 November through March, such gasoline may have 70 percent or  
2 27 more alcohol.  
2 28 The bill also amends current provisions in Code section  
2 29 452A.3 that impose an excise tax on motor fuel sold in the  
2 30 state. The general rate is 20 cents per gallon, but there are  
2 31 a number of exceptions, including an exception for ethanol  
2 32 blended gasoline (gasoline containing at least 10 percent  
2 33 alcohol). Until June 30, 2007, the rates for gasoline that is  
2 34 blended with ethanol are adjusted each year based on the  
2 35 number of gallons of ethanol blended gasoline that are  
3 1 distributed in this state as expressed as a percentage of the  
3 2 total number of gallons of gasoline distributed in this state.  
3 3 On and after July 1, 2007, the rate for unblended gasoline and  
3 4 ethanol blended gasoline is 20 cents.  
3 5 The bill creates another schedule for excise taxes on  
3 6 gasoline and E=85 ethanol blended gasoline. For the period  
3 7 beginning July 1, 2007, and ending on June 30, 2008, the  
3 8 excise tax is increased to 20 and one-tenth cents for  
3 9 unblended gasoline and thereafter reverts to its 20 cent  
3 10 level. However, the bill creates a special schedule for E=85  
3 11 blended gasoline. For the first four years beginning on July  
3 12 1, 2004, the excise tax is 9 cents. Each year beginning July  
3 13 1, 2008, the excise tax increases by one and one-half cents  
3 14 until July 1, 2015. On and after that date the rate for E=85  
3 15 blended gasoline also equals 20 cents.  
3 16 LSB 6898HC 80  
3 17 da/sh/8.2